Elbit Systems' Subsidiary Acquires 20% Interest in Sandel Avionics

Furthers Expansion into Commercial Aviation Market

Haifa, Israel, May 31, 2006 – Elbit Systems Ltd. (NASDAQ:ESLT) reported today that its U.S. subsidiary Kollsman, Inc. has acquired a 20% interest in Sandel Avionics, Inc. (Sandel) in consideration for $12 million. Sandel, based in Vista, California, produces specialized integrated display systems and other products for the commercial aviation market.

Kollsman has an option to buy the remaining 80% interest in Sandel for a period of 30 months after the initial investment. During the option period, Kollsman has the right to representation on the Sandel board of directors, as well as several specific minority rights. In addition, Kollsman and Sandel have formed an alliance to cooperate on product development and marketing.

Elbit Systems is assessing the impact of this acquisition on its consolidated financial statements for the second quarter of 2006.

It is expected that some of Kollsman's new products, like the General Aviation Vision System (GAViS™), the micro-vision head-up display (μ-ViS HUD™) and the Enhanced Synthetic Vision System (ESViS™), will be integrated with the Sandel Display for the General Aviation Market.

Joseph Ackerman, president of Elbit Systems Ltd., said: "Consistent with our strategic plan, we continue to strengthen our position in the commercial aviation market. The commercial aviation product line, including the current investment in Sandel, adds to our portfolio balance and provides us with the opportunity to apply our technological capabilities into a growing market that is focused on safety and operational enhancements."

Randy Moore, executive vice president and general manager of Kollsman, said: "There is a growing market worldwide for aviation safety. The industry's demand for a broad-based technology that includes imaging systems, sensors and displays like the Vision-Based Cockpit presents us with the potential for continued growth and the ability to reach a wider customer base. We see tremendous synergies between the technologies provided by the Elbit Group and the strong position held by Sandel in the commercial aviation market."

Gerry Block, president of Sandel, confirmed that Sandel and Kollsman are cooperating on a project for commercial aircraft displays. Mr. Block stated: “We believe that the synergy between the two companies and their complementary product lines will result in a greater market share and an advanced product portfolio to offer our customers. We are pleased that a company which is considered a technological leader has recognized the value of investing in Sandel, and we are certain that the investment and the cooperation going forward will be valuable to both companies.”

About Sandel

Sandel Avionics, Inc., located in Vista, California. Sandel is a privately owned company specializing in compact integrated display systems for general aviation, business aviation, air transport and regional aircraft. Additional information about Sandel is available at www.sandelavionics.com.

About Kollsman

Kollsman, Inc., an Elbit Systems of America Company, headquartered in Merrimack, New Hampshire, is a leading supplier of avionic equipment, electro-optic systems and subsystems, vision based solutions and surveillance systems to the commercial aviation, defense and homeland security markets.

About Elbit Systems

Elbit Systems Ltd. is an international defense electronics company engaged in a wide range of defense-related programs throughout the world. The Elbit Systems Group, which includes the company and its subsidiaries, operates in the areas of aerospace, land and naval systems, command, control, communications, computers, intelligence, surveillance and reconnaissance ("C4ISR"), advanced electro-optic and space technologies, EW suites, airborne warning systems, ELINT systems, data links and military communications systems and equipment. The Group also focuses on the upgrading of existing military platforms and developing new technologies for defense and homeland security applications.

Contacts

Company contact
Ilan Pacholder, Corporate Secretary and
VP Finance & Capital Markets
Elbit Systems Ltd.
Tel: 972-4 831-6632
Fax: 972-4 831- 6659
pacholder@elbit.co.il

IR Contacts
Ehud Helft/Kenny Green

GK International
Tel: 1-866-704-6710
Fax: 972-3-607-4711
ehud@gk-biz.com
kenny@gk-biz.com

STATEMENTS IN THIS PRESS RELEASE WHICH ARE NOT HISTORICAL DATA ARE FORWARD-LOOKING STATEMENTS WHICH INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES OR OTHER FACTORS NOT UNDER THE COMPANY'S CONTROL, WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM THE RESULTS, PERFORMANCE OR OTHER EXPECTATIONS IMPLIED BY THESE FORWARD-LOOKING STATEMENTS. THESE FACTORS INCLUDE, BUT ARE NOT LIMITED TO, THOSE DETAILED IN THE COMPANY'S PERIODIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION.